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May 23, 2012

Docket #: MC2012-14

Docket #: R2012-8

Secretary Shoshana Grove

U.S. Postal Regulatory Commission

901 New York Avenue NW, Suite 200

Washington, DC 20268

Dear Secretary Grove:

On behalf of the Board of Directors of the Illinois Press Association and its 500 member newspapers, I am writing to express deep concern regarding the Negotiated Service Agreement being considered by the United States Postal Service and Valassis Direct Mail.

We sincerely request that you withdraw this NSA for further study as it would give Valassis Direct Mail an unfair competitive advantage in the marketplace.

This NSA is a two-way threat to local newspaper advertising revenues as newspapers continue to fulfill their important roles in their communities. First, the discount program in this NSA would allow one company to have significant marketplace advantages not available to others using direct mail -- including newspapers with their total market coverage products. Secondly, this single company would have unfair, competitive advantages in luring advertisers that now deliver their messages through newspapers, particularly those using inserts and preprinted material.

We ask that you strongly consider these points:

- Such agreements are not allowed if there is a showing of "unreasonable harm" in the marketplace. That is the case here as the USPS data does not account for the potential shift of advertising from local newspapers to a national advertising mail competitor. The fiscal impact on the ability of many Illinois newspapers to cover news and serve the public could be substantial, including possible closure of some newspapers.
- It will not materially help the Postal Service's bottom line. There will be lost volume and revenue related to others abandoning direct mail. This could accelerate the Postal Service's challenges.
- This is an unfair agreement with a single customer that distorts and unbalances the marketplace.

Newspapers are long-standing and important customers of the Postal Service, and our industry has supported a number of logical postal reforms. This NSA is not good, sound business practice for the postal service nor for competitors in the marketplace.

Please withdraw this NSA for further study. Thank you for your consideration.

Sincerely,

Dennis DeRossett
Executive Director